



Amy G. Rabinowitz  
*Counsel*

May 1, 2003

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

**Re: DTE 02-79**

Dear Secretary Cottrell:

In lieu of an initial brief in this proceeding, Massachusetts Electric Company and Nantucket Electric Company (collectively “Mass. Electric” or “Company”) submit this letter in support of their request for Department approval of their January 1, 2003 Retail Rate Filing. The Company made this filing on November 27, 2002, and on December 17, 2002, withdrew that portion of the filing requesting revisions to the Standard Service Cost Adjustment Provision and Default Service Adjustment Provision.

In the filing, marked as Exhibit Mass. Electric 1 at the April 15, 2003 evidentiary hearing, the Company proposed rate adjustments for the Company’s standard service adjustment factor, default service adjustment factor, transition charges, and transmission charges, in accordance with the Company’s reconciliation and adjustment provisions and restructuring settlement in Docket No. 96-25. These adjustments to the Company’s rates and charges beginning January 1, 2003, for usage on and after that date, which the Department approved on December 27, 2002 subject to reconciliation pursuant to the Department’s ongoing investigation, are as follows:

<u>Charge or Factor (¢/kWh)</u>	<u>2002</u>	<u>2003</u>	<u>Increase (Decrease)</u>
Default Service Adjmt. Factor	0.083¢	0.010¢	(0.073¢)
Transition Charge (avg.)	0.839¢	0.991¢	0.152¢
Transmission Service Charge (avg.)	0.535¢	0.564¢	0.029¢
Standard Offer Adjmt. Factor	n/a	(0.062¢)	(0.062¢)

The filing consisted of the pre-filed testimony of Theresa Burns and Anne Rodrigues. Ms. Burns explained each adjustment and Ms. Rodrigues set forth the Company’s estimated transmission and ISO-NE expenses for 2003.

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The Company also responded to information requests proffered by both the Department and the Attorney General. The responses were also moved into evidence at the April 15, 2003 evidentiary hearing.

There were two hearings in this docket. On February 13, 2003, there was a public hearing. No members of the public were present. As noted above, there was also an evidentiary hearing on April 15, 2003. At that hearing, the Company was represented by four witnesses: Theresa Burns, Anne Rodrigues, Michael Hager, and Mark Sorgman. The Attorney General did not present any witnesses.

Exhibit Mass. Electric 1, testimony at the evidentiary hearing, and responses to information requests establish the appropriateness of the rates proposed in Exhibit 1. The standard service adjustment factor, default service adjustment factor, transition charges, and transmission charges were all determined in accordance with the Company's reconciliation and adjustment provisions and restructuring settlement in Docket No. 96-25. The base transition charge is also consistent with the Company's merger settlement agreement and rate plan in Docket No. 99-47. Therefore, Mass. Electric respectfully requests that the Department approve the 2003 rates and the appropriateness of its reconciliations as set forth in Mass. Electric 1.

Once the Attorney General's Office has filed its brief in this proceeding, Mass. Electric will respond to any issues raised in that brief.

Thank you very much for your time and attention to this matter.

Very truly yours,

Amy G. Rabinowitz

cc: Service List